

# SOUTHERN ENVIRONMENTAL LAW CENTER

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June 19, 2019

**Via Electronic Filing**

The Honorable Jocelyn G. Boyd  
Chief Clerk/Executive Director  
Public Service Commission of South Carolina  
101 Executive Center Drive  
Columbia, SC 29210

**RECEIVED**

**JUN 20 2019**

**PSC SC  
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RE: Docket Nos. 2019-224-E (Duke Energy Carolinas, LLC); 2019-225-E (Duke Energy Progress, LLC); 2019-226-E (Dominion Energy South Carolina, Inc.); and 2019-227-E (Lockhart Power Company) — South Carolina Energy Freedom Act (House Bill 3659) Proceeding Related to S.C. Code Ann. Section 58-37-40 — Integrated Resource Plans

Dear Ms. Boyd:

Please consider the following comments filed on behalf of the South Carolina Coastal Conservation League and the Southern Alliance for Clean Energy (“Conservation Groups”), in response to the Commission’s directive at its June 12, 2019 meeting, soliciting input on the integrated resource planning (“IRP”) process and scheduling following enactment of the Energy Freedom Act (Act 62, H. 3659). Conservation Groups have not yet intervened in the above-referenced dockets, but have historically intervened in many of the utilities’ IRP proceedings.

**Conservation Groups Recommend Opening a Generic Docket to Establish IRP Procedures and Guidance Reflecting the Updated Statutory Requirements of the South Carolina Energy Freedom Act (Act 62, H. 3659)**

The South Carolina Coastal Conservation League and Southern Alliance for Clean Energy recommend that the Commission open a generic docket to establish

Integrated Resource Planning procedures and guidance reflecting the updated statutory requirements of the South Carolina Energy Freedom Act (Act 62, House Bill 3659). A generic docket to establish guidelines is an appropriate approach to a major change in statutory provisions that define the duties of both jurisdictional public utilities and the Commission. The results of this generic proceeding would inform updates and revisions to past Commission guidance on the IRP process.

### **Previous Examples of the Commission Providing IRP Guidance**

In 1991, the Commission, by Order No. 1991-885, as modified by Order No. 1991-1002 established procedural and substantive guidance for jurisdictional utilities to file IRPs.<sup>1</sup> The guidance comprised 11 pages specifying the procedures by which utilities would engage customers in the planning process, analyze alternative resource options, and meet basic standards for the content and filing of IRPs.<sup>2</sup> For instance, the procedures established that the objective of an IRP is the development of a plan that results in the **minimization of the long run total costs of the utility's overall system and produces the least cost to the consumer** consistent with the availability of an adequate and reliable supply of electricity while maintaining system flexibility and considering environmental impacts.<sup>3</sup> (Emphasis added).

The procedures encouraged customer engagement in the IRP process and provided for pre-hearing conferences with parties to encourage collaborative resolution of issues.<sup>4</sup> The procedures required the consideration of environmental regulations

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<sup>1</sup> Conservation Groups note that the Commission initiated the 1987 docket devoted to improved IRP processes prior to enactment of the 1991 statute requiring filing of IRPs and closely linking utility planning to the implementation of demand-side-management programs.

<sup>2</sup> Order No. 91-1002, Appendix A.

<sup>3</sup> *Id.* at 1.

<sup>4</sup> *Id.* at 2 and 5.

affecting the cost of electric service, and the filing of evidence supporting the load forecast.<sup>5</sup> The procedures required the identification of risks associated with the utility's filed plan, and required thorough consideration of demand-side management.<sup>6</sup>

Such guidance clarified expectations, focused the attention of parties on key data and metrics, and promoted transparency and judicial economy for utilities, the Commission, ORS, intervenors, and the general public. It thereby aimed to promote the development and approval of the least cost plan to serve ratepayers and the state as a whole.

In 1998, on the motion of Duke Energy and with the support of SCE&G, the Commission—again through a generic docket—modified its IRP procedures, eliminating the specific procedural, substantive, and filing requirements and replacing them with procedures tracking the bare language of the underlying statute.<sup>7</sup> Prior to adopting the minimalist procedures, the Commission first approved requests by Duke and SCE&G to delay their individual IRP filings, given the “changing nature and **deemphasis** of Integrated Resource Planning” (emphasis added).<sup>8</sup>

Upon issuance of Order No. 1998-502, which deemphasized Integrated Resource Planning, intervenor Nucor Steel sought rehearing, protesting that the Commission “should not substantially reduce IRP procedures without holding a formal public inquiry and hearing” and urging the Commission to retain the IRP procedures, which had received indications of legislative support.<sup>9</sup> The Commission denied rehearing,

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<sup>5</sup> *Id.* at 7.

<sup>6</sup> *Id.* at 8 and 10-11.

<sup>7</sup> Order No. 98-502.

<sup>8</sup> Order No. 98-150 and 98-151.

<sup>9</sup> Order No. 98-627 at 2.

reasoning that it had clear discretion to adopt IRP procedures and that its new procedures complied with the law.<sup>10</sup>

Following the 1998 order, the Commission did not formally review or approve utility long-term plans and the utilities' plans were not required to incorporate public or intervenor input or meet rigorous standards for transparent and comprehensive analysis. A more open and thorough process may have helped avoided risky investments in massively expensive baseload plants.

### **Guidance Following the Energy Freedom Act**

Through Act 62, H. 3659, the legislature has sought to reinstate and re-invigorate sound resource planning. It seeks to enhance transparency and accountability. The new law empowers the Commission to establish procedures and to oversee the development, filing, and review of utility resource plans. Updated requirements in Act 62 and the Commission's authority to implement those requirements merit a generic docket or other general review process to precede the utilities' Act 62 IRP filings. At stake is not merely the avoidance of multi-billion dollar mistakes, but also the development of new resources and industries that are already becoming mainstays of the 21<sup>st</sup> century energy industry.

The Conservation Groups note that Duke Energy Progress and Duke Energy Carolinas have filed comments indicating their plans to file IRPs later in 2020. Dominion has committed in merger settlement documents to file an IRP during 2020, without specifying a date. The Conservation Groups submit that a generic docket at the outset of the process to establish expectations and procedures will ultimately save time, increase productivity, and maximize ratepayer benefits from the implementation of this

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<sup>10</sup> *Id.* at 2-3.

statute for years to come. As noted in the prior Commission guidance and authorized in Act 62, the Commission can order the modification of individual utility IRPs to accommodate this paramount public interest goal. The Conservation Groups therefore recommend that the Commission:

- Designate a docket for the generic consideration of procedures to maximize the transparency and effectiveness of IRP provisions in Act 62;
- At the conclusion of the generic proceeding, require jurisdictional utilities to submit IRP filings that comply with Act 62 and related Commission guidance;
- Ideally establish a schedule that completes the generic docket in the first half of 2020, such that jurisdictional utilities can file IRPs in accordance with their plans and settlement requirements by late 2020.

Please contact me if you have any questions concerning this filing.

Sincerely,

s/ J. Blanding Holman, IV

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CC: Parties of Record